



CONGRESSIONAL BUDGET OFFICE PAY-AS-YOU-GO ESTIMATE

January 4, 2002

H.R. 3447 **Department of Veterans Affairs Health Care Programs** **Enhancement Act of 2001**

As cleared by the Congress on December 20, 2001

SUMMARY

H.R. 3447 would increase retirement benefits for Department of Veterans Affairs (VA) nurses by changing how retirement annuities are calculated. CBO estimates that the act would increase direct spending by \$1 million in 2002, \$8 million over the 2002-2006 period, and \$24 million over the 2002-2011 period, as shown in the following table. (H.R. 3447 would not affect receipts.) Only the estimated changes in the budget year and the succeeding four years are counted for pay-as-you-go purposes. The costs of this legislation fall within budget function 600 (income security).

	By Fiscal Year, Outlays in Millions of Dollars									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Part-time service	1	1	2	2	2	3	3	3	3	3
Unused sick leave	<u>a</u>	<u>a</u>	<u>a</u>	<u>a</u>	<u>a</u>	<u>a</u>	<u>a</u>	<u>a</u>	<u>a</u>	<u>1</u>
Total changes in direct spending	1	1	2	2	2	3	3	3	3	4

a. Less than \$500,000.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

CBO estimates that two provisions of the act would increase direct spending by \$1 million in 2002, \$8 million over the 2002-2006 period, and \$24 million over the 2002-2011 period.

Part-Time Service. Section 132 would change the way part-time service performed by registered nurses, physician's assistants, and certain dental technicians at VA prior to April 7, 1986, is treated in calculating retirement annuities. Under current law, retirement benefits for these workers are calculated according to a formula that prorates all part-time service performed in these positions. For most other federal workers, part-time service performed prior to April 7, 1986, is treated as full-time service when calculating retirement annuities. Information about these employees is limited, but based on information supplied by VA, CBO estimates there are about 1,600 of these workers still employed by the federal government. Assuming that retirement benefits calculated under the new formula would be between 4 percent and 13 percent higher than under the current formula, depending on how much part-time service was performed before April 7, 1986, CBO estimates that this section would increase direct spending by \$1 million in 2002, \$8 million over the 2002-2006 period, and \$23 million over the 2002-2011 period.

Unused Sick Leave. Section 122 would authorize unused sick leave to be counted toward total years of service when calculating retirement benefits accrued by registered nurses who are employed by the Veterans Health Administration and retire under the Federal Employees' Retirement System (FERS). Under current law, unused sick leave is counted toward total service under the Civil Service Retirement System, but not under FERS. According to information from VA, about 1,000 registered nurses retire from VA every year, and most employees have between three and six months of accrued sick leave upon retirement. CBO estimates that this provision would increase direct spending by less than \$500,000 every year until 2011 when the increase would round to \$1 million.

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